

# United States Senate

WASHINGTON, DC 20510

March 7, 2013

President Barack Obama  
President of the United States  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear President Obama:

Last month the Environmental Protection Agency (EPA) published a proposed rule that would require the Navajo Generating Station (NGS) located in northern Arizona to install the most expensive emissions-control technology aimed at improving visibility. Both the capital costs of that technology, up to \$1.1 billion, and the visibility benefits are in dispute—the National Renewable Energy Laboratory claims the level of visibility improvement is uncertain,<sup>1</sup> while EPA asserts that those benefits would be perceptible. All sides agree, however, that installing this new technology would raise costs on the Bureau of Reclamation, a 24.3% owner of NGS.<sup>2</sup> We understand that those increased costs would result in higher water rates for Arizonans, with potentially devastating consequences for Native American communities, farmers, and residential water customers who are least able to afford it.

The impact of the rate increase would be profound. By way of example, the United States entered a water-settlement agreement with the Gila River Indian Community in 2004, entitling the Community to more than 300,000 acre-feet of water from the Central Arizona Project (CAP). The United States also committed hundreds of millions of dollars to construct and repair irrigation infrastructure on the reservation that will enable the Community to use its CAP allocation. It is entirely possible that EPA's proposal could render that investment useless by making the water too expensive for the Gila River Indian Community to purchase. Those higher rates could have a similarly negative effect on other tribes with CAP allocations, not only rendering the water more expensive but accelerating the depletion of tribal subsidies that are available to offset some of those costs.

Likewise, non-Indian communities stand to lose. For farmers, the increased costs threaten to force them back to using more groundwater—by some accounts doubling groundwater

---

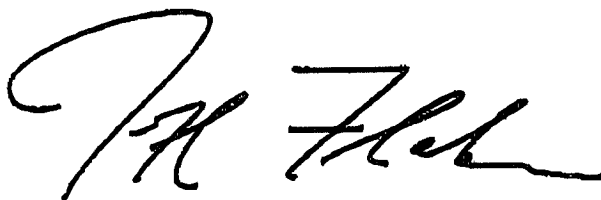
<sup>1</sup> National Renewable Energy Laboratory, *Navajo Generating Station and Air Visibility Regulations: Alternatives and Impacts* (hereinafter "NREL Study") at iv and 113 ("The body of research to date is inconclusive as to whether removing approximately two-thirds of the current NOx emissions from Navajo GS would lead to any perceptible improvement in visibility at the Grand Canyon and other areas of concern.").

<sup>2</sup> EPA Proposed Rule at 55 (Jan. 18, 2013) ("However, because of CAP's nearly complete reliance on NGS for power, we estimate that CAP water rates would increase by \$8.40 per AF, representing a 6 percent increase in rates to M&I users and a 14 percent increase to tribes and agricultural water users."); *see also* NREL Study at iii. ("The cost burden of either SCR option or shutdown would probably fall more heavily on the Bureau of Reclamation....").

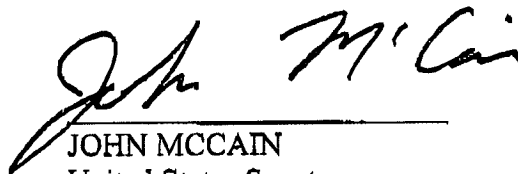
pumping in irrigation districts that currently receive large allocations of CAP water. Doing so would undermine over three-decades of bipartisan sustainable water policy developed by the likes of Bruce Babbitt and Jon Kyl, among many others. What's more, the increase in residential water rates would negatively affect families that are struggling to get back on their feet and cannot afford rate increases for visibility "improvements," which your own agencies do not agree upon.

Thus far, EPA, the Department of the Interior, and the Department of Energy have tried to reassure our constituents by providing a vague commitment to seek appropriations for the federal portion of the proposed pollution controls.<sup>3</sup> Such a response is misleading. It suggests that the solution is to simply override deficit control measures to pay for EPA-imposed costs. We believe it would be irresponsible for EPA to run the risk of unilaterally undermining federal obligations to Native American communities, eroding sustainable water policy, and imposing significant costs on struggling Arizonans, all while adding to our crippling national debt. Given the divergent views of the Administration's own agencies, we believe EPA should refrain from imposing the most expensive technology at this time. In light of your recent nominations, we hope that those individuals that are confirmed to head up the relevant departments will make efforts to understand these issues and chart a path forward that does not unnecessarily increase costs on those that are least able to afford it.

Sincerely,



JEFF FLAKE  
United States Senator



JOHN MCCAIN  
United States Senator

cc: The Honorable Ken Salazar, Secretary of the Interior  
The Honorable Steven Chu, Secretary of Energy  
The Honorable Bob Perciasepe, Acting Administrator, Environmental Protection Agency

<sup>3</sup> Joint Federal Agency Statement Regarding Navajo Generating Station at 3 (Jan. 4, 2013); *see also* EPA Proposed Rule at page 55.

---

**FAX**

---

**OFFICE OF U.S. SENATOR JEFF FLAKE**  
The United States Senate  
Russell Senate Office Building, Suite B85  
Washington, D.C. 20510

Phone: (202) 224-4521

Fax: (202) 228-0506

To: Arjun Ganesan	From: Sen. Jeff Flake
Fax: 202 501 1519	Pages: 3 including cover
Phone:	Date: 3/7/13
RE: NGS - Letter to POTUS RE: NGS	

Comments: